

# ***NEWS RELEASE***

---



***OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
San Diego, California***

***United States Attorney  
Carol C. Lam***

***For Further Information, Contact:***

---

***Assistant U. S. Attorney Orlando Gutierrez (619) 557-2968 or DOJ Trial Attorney Patrick Jasperse (202) 616-0509***

---

***For Immediate Release***

**NEWS RELEASE SUMMARY - March 18, 2005**

United States Attorney Carol C. Lam announced that Matthew Lotze, of Ramona, pled guilty today in Federal District Court in San Diego to fraudulently re-selling hazardous toys that he had been hired to destroy. During a hearing before United States District Judge John A. Houston, the 37-year-old Lotze pled guilty to two counts of mail fraud, four counts of wire fraud, and one count of making a false statement to federal investigators.

According to court documents, Lotze was hired in 2001 by Chevron Texaco Corporation to destroy approximately 600,000 toy cars that the U.S. Consumer Product Safety Commission had determined contained small parts that could break off and pose a choking hazard to children under the age of three, according to the charges to which Lotze pled guilty. The toy cars had been sold at Chevron gas stations under the names "Freddy 4-Wheeler," "Sam Sedan," "Wendy Wagon," and "Tony Turbo." Chevron recalled the toy cars and paid \$39,500 to Lotze's company, American Marketing Company, to destroy the toy cars.

In connection with his plea Lotze admitted that he provided Chevron with certificates of destruction, photographs, and a videotape purporting to document the cars' destruction, but then re-sold most of the toy cars to toy wholesalers in California, Iowa, and Minnesota without telling them about the safety hazard. Lotze subsequently denied having re-sold the toy cars when questioned by Consumer Product Safety Commission investigators.

United States Attorney Lam said, "Mr. Lotze put his personal financial gain ahead of the safety of young children, and then further endangered those children by trying to cover up what he did."

Protecting young children from choking hazards is one of the Consumer Product Safety Commission's top priorities. In 2003, the last year for which statistics are available, ten children died in the United States by choking on a toy, according to the Commission. "The CPSC is committed to ensuring that justice prevails against individuals who knowingly place dangerous toys in the hands of children," said Consumer Product Safety Commission Chairman Hal Stratton.

The case was prosecuted jointly by the U.S. Attorney's Office in San Diego and the Office of Consumer Litigation, which is part of the Department of Justice in Washington, D.C. The investigation was directed by the U.S. Consumer Product Safety Commission.

Lotze is scheduled to appear before United States District Judge John A. Houston, for a sentencing hearing at the United States Courthouse in San Diego, on June 3, 2005 at 9:30 a.m.

#### **DEFENDANT**

Matthew Lotze  
Ramona, California

#### **SUMMARY OF CHARGES OF CONVICTION**

Counts 1 - 4: Wire Fraud, in violation of Title 18, United States Code, Section 1343  
Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

Count 11: False Statement, in violation of Title 18, United States Code, Section 1001  
Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

Counts 14 - 15: Mail Fraud, in violation of Title 18, United States Code, Section 1341  
Maximum Penalty: Five years' imprisonment; \$250,000 fine; three years' supervised release

#### **AGENCIES**

U.S. Consumer Product Safety Commission  
U.S. Department of Justice, Office of Consumer Litigation

## **PUBLIC SAFETY WARNING**

If you possess any of the Chevron toy cars pictured below, keep the toy cars away from children younger than age 3 and immediately notify the U.S. Consumer Product Safety Commission at 800-638-2772.



Freddy 4-Wheeler



Wendy Wagon



Sam Sedan



Tony Turbo